

10. APPROVAL OF BID, PARCEL A OIL CONTRACT, CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

During consideration of Calendar Item 13 attached, Mr. Robert O. Pollard, District Manager for the Production Division of the Atlantic Richfield Company at Bakersfield, appeared in opposition to the staff recommendation. He asked that the contract be awarded to Atlantic Richfield Company as the highest qualified bidder, instead of having the contract go to rebid.

Mr. Harold Lingle, Deputy City Attorney, City of Long Beach, reviewed the background leading to the current situation; he recommended that the matter be returned to the City of Long Beach for re-examination, and that thereafter a special meeting of the Commission be held to consider the bid approval.

Upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION DIRECTS THAT APPROVAL OF BID, PARCEL A OIL CONTRACT, CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, BE RETURNED TO THE CITY OF LONG BEACH FOR RE-EXAMINATION, AND THAT A SPECIAL MEETING OF THE LANDS COMMISSION BE SCHEDULED, IF NECESSARY, TO CONSIDER THE MATTER AFTER THE CITY COMPLETES ITS FURTHER STUDY OF THE PROBLEM.

Attachment:

Calendar Item 13 (2 pages)

13.

REJECTION OF BIDS, PARCEL A OIL CONTRACT, CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

The Commission, at its meeting of October 28, 1971, approved the notice inviting bids, bid form, and Parcel A oil contract, as prepared by the City of Long Beach in conjunction with the Division and the Office of the Attorney General. Chapter 29, Statutes of 1956, First Extraordinary Session, requires that the contract be let only to the highest responsible bidder after competitive bidding.

Sealed bids were opened at the City Hall of the City of Long Beach on December 8, 1971. These bids were as follows:

| | |
|--|----------------|
| Atlantic Richfield Company | \$3,333,333.34 |
| Long Beach Oil Development Company, et al. | 1,880,000.00 |
| Union Oil Company of California | 1,251,000.00 |
| Powerine Oil Company and Rothschild Oil Company, jointly | 3,766,000.00 |

The transmittal letter submitted by Powerine and Rothschild contained the following statement:

"Our joint bid for the Parcel A oil contract in the amount of \$3,766,000.00 shall be paid by Powerine Oil Company and Rothschild Oil Company in installments as specified below:

| | |
|---------------------------|-------------------|
| On or before July 1, 1972 | \$1,000,000.00 |
| On or before July 1, 1973 | 500,000.00 |
| On or before July 1, 1974 | 500,000.00 |
| On or before July 1, 1975 | 500,000.00 |
| On or before July 1, 1976 | 500,000.00 |
| On or before July 1, 1977 | <u>766,000.00</u> |
| Total Bid | \$3,766,000.00" |

The Office of the Attorney General has advised the Division that the Powerine-Rothschild bid does not conform to bid specifications and must be rejected. The alternatives then legally available are: (a) Award the contract to Atlantic Richfield Company, the highest bidder, or (b) reject all bids and rebid the contract.

Powerine-Rothschild contend that, due to a misunderstanding arising from a bidders' information meeting held by the City of Long Beach, they believed installment payment bids were permissible.

The City Council of the City of Long Beach, at its meeting of December 14, 1971, on the recommendation of the City Manager and the City Attorney, adopted a minute order that, subject to the concurrence of the State Lands Commission, all bids be rejected and that the Parcel A contract be readvertised on the same terms and conditions and that the bids be opened on January 19, 1972.

CALENDAR ITEM 13. (CONTD.)

The Division and the Office of the Attorney General have reviewed the request of the City for concurrence in the action taken by the City Council of the City of Long Beach.

IT IS RECOMMENDED THAT THE COMMISSION: CONCUR WITH THE ACTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH TAKEN ON DECEMBER 14, 1971, CONCERNING THE PARCEL A CONTRACT THAT (1) ALL BIDS RECEIVED ON DECEMBER 8, 1971, BE REJECTED; AND (2) THAT THE CONTRACT BE REBID ON THE SAME TERMS AND CONDITIONS AS APPROVED BY THE COMMISSION AT ITS MEETING OF OCTOBER 28, 1971.